



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

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### The President's "Jobs" Program

President Bush has claimed for three years that his economic program would create jobs. Instead, the nation has lost 2.3 million jobs — 2.9 million private-sector jobs — since the President took office. This is the worst jobs performance of any Administration since Herbert Hoover.

#### Claims From 2001

In 2001, the President said that his tax cuts — disproportionately targeted toward those who needed the help the least — would create jobs. Mischaracterizing his big top-bracket tax rate cuts as help for small businesses (no more than two percent of small businesses pay income tax at the highest tax rate), he said in his February address to the Congress, "...help for small business means jobs for Americans." In a White House speech in February, he said, "My plan is good for the long-term health of our economy. It is good for the businesses that create jobs."

The President's Council of Economic Advisers (CEA) claimed that his 2001 tax cuts would create 800,000 more jobs by the end of 2002. This claim is difficult to justify, however, given that from the beginning of the Bush Administration to the end of 2002, the economy had already lost 2.2 million jobs.

#### Claims From 2002

In his State of the Union address in 2002, President Bush said, "Good jobs depend on sound tax policy... The way out of this recession, the way to create jobs, is to grow the economy by encouraging investment in factories and equipment, and by speeding up tax relief..." By the time of this address in January of 2002, the nation had lost 1.9 million jobs; and the Bush Administration then had, and still has, the worst business investment record of any Administration since World War II.

In December of 2001, the CEA claimed that the President's proposed 2002 economic stimulus plan (which was substantially adopted) was worth about 300,000 jobs by the end of 2002. Again, this claim is difficult to reconcile with subsequent events, because the economy had lost 2.2 million jobs by the end of that year.

### **Claims From 2003**

In his State of the Union address in 2003, President Bush said, “Our first goal is clear: We must have an economy that grows fast enough to employ every man and woman who seeks a job... Jobs are created when the economy grows; the economy grows when Americans have more money to spend and invest; and the best and fairest way to make sure Americans have that money is not to tax it away in the first place... Lower taxes and greater investment will help this economy expand. More jobs mean more taxpayers...” By the time of his address in January of 2003, the nation had lost 2.1 million jobs; and the Bush Administration was running the largest budget deficit in American history.

In January of 2003, the President’s Council of Economic Advisers claimed that, if the President’s new tax cut proposals were enacted (they substantially were), they would create 190,000 new jobs in 2003 and 900,000 new jobs in 2004. In February, the CEA went back to the drawing board, and reestimated that the program would create 510,000 new jobs in 2003, and 891,000 new jobs in 2004. Again, these claims are difficult to accept, because at the end of 2003, the economy had 2.3 million fewer jobs than when President Bush took office.

### **Claims From 2004**

Yesterday, in his 2004 State of the Union address, the President said that “...jobs are on the rise.” Last month, the economy created 1,000 new jobs. At that rate, it will take 192 years and eight months for the economy to return to the number of jobs at the beginning of President Bush’s term of office. And this is after three rounds of the President’s unbalanced tax cuts, which he has already claimed would have created millions of new jobs — but have instead created \$1 trillion of new debt on our children and grandchildren.

### **The President’s “Jobs” Program**

The President says that he has a six-point plan to “reinforce economic growth — and translate that growth into jobs for America’s workers” (White House website):

- Making Health Care Costs More Affordable and Predictable;
- Reducing the Lawsuit Burden on Our Economy;
- Ensuring an Affordable, Reliable Energy Supply;
- Streamlining Regulations and Reporting Requirements;
- Opening New Markets for American Products; and
- Enabling Families and Businesses to Plan for the Future with Confidence.

Since President Bush took office, the economy has lost 2.9 million private-sector jobs, including 2.6 million manufacturing jobs. Do Republicans believe that manufacturing jobs have moved overseas because the energy supply is more reliable there? Or because of high health-care costs — which the Administration refuses to address by such common-sense steps as allowing the federal government to bargain with producers of prescription medicines?

Or is it possible that “families and businesses” cannot “plan for the future with confidence”

because the federal government is piling up debt upon their children and grandchildren, and upon their shareholders and customers, at an unsustainable rate?

The Administration has touted one of the President's policy recommendations in the forthcoming budget as important to create manufacturing jobs. The Administration now claims to support the Commerce Department's Manufacturing Extension Partnership program (MEP), which provides consulting services to U.S.-based small manufacturers to improve their competitiveness in the global marketplace. But the President's 2003 and 2004 budgets proposed to phase out federal support for MEP. The Administration argued that federal assistance for MEP leads to unnecessary federal competition with private consulting businesses, even though several studies show that MEP services improve small manufacturers' competitiveness, create jobs, increase overall U.S. economic activity, and generate a \$4-to-\$1 return on investment to the federal treasury — all without supplanting private consulting service providers. MEP received \$106 million in federal funding in 2003. The 2004 omnibus appropriations bill reduces this amount to \$39 million. Now the Administration has decided to favor MEP — but the Commerce Department's report on manufacturing suggests that any increased funding must come from private sources, not the budget.

This sudden change of heart on MEP, with the bizarre qualification that the government may provide no money to support the program, raises serious questions about the Administration's consistency and commitment to small businesses, manufacturing, and jobs.

## Worst Private-Sector Job Growth Since World War II

